

A STUDY ON ANNUAL FAMILY CONSUMPTION EXPENDITURE OF SMALL AND MARGINAL FARMERS IN RURAL AREAS OF MADURAI DISTRICT

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ABSTRACT

Man is always with a bundle of desires. Every Human in the world has got a unique needs, wants and desires. To satisfy the basic needs such as food, clothing, shelter, light & fuel man earns money and spends his resources available with him. The money spent on durable goods, recreation and entertainment are repetitive in nature.

Family is a basic social unit where man lives in groups. The money use pattern of the family to satisfy their needs, wants and desires are often referred as family expenditure which differs from family to family. The foremost factor which decides the family expenditure pattern is the family annual income which also varies with every family. This study was conducted among the small and marginal farmers in rural areas of Madurai district with an objective to document the annual family consumption expenditure.

The respondents were grouped into three categories based on their annual income and the amount spent for consumption purpose were calculated and interpreted. The result of the study reveals that expenditure made by the respondents on consumption items increases with the increase in their family annual income. But, the percentage of income allocated for food purchase decreases if income rises.

KEY WORDS: Annual Income, Family Expenditure & Annual Consumption Expenditure

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INTRODUCTION

A family budget is a series of statement which portrays how a family income is disbursed on various items such as expenditure on basic needs, comforts, luxuries, and other cultural wants. It often referred as the mirror, which reflects the of consumption pattern of the people. The standard of living of the people is reflected in their household expenditures of the family or in the family budget. Consumption Expenditure depends upon the standard of living, income, and the standard of living determines the economic efficiency which in turn leads to economic prosperity.

According to the NSSO (2011)¹, Family expenditure (or) Household Expenditure is defined as the sum of total expenditure incurred by a household on domestic consumption during the reference period. It is the total of the monetary values of consumption of various group of items such as Consumables, Non-consumable items, and

miscellaneous goods and services.

Annual Family Expenditure can be broadly grouped into three categories such as Expenditure on consumables, Expenditure on non-consumables, Expenditure on Miscellaneous goods and services.

Expenditure on consumables includes the amount of money spent annually on purchase of foods and grains such cereals, millets, pulses, milk and milk products, animal source food products, edible oil, vegetables, fruits and nuts, spices and condiments, intoxicants, processed food, tea, coffee, soft drinks, fruit juice etc.

Islam (1982)² studied the expenditure pattern of urban households in Bangladesh. He found that food consumption is strongly related to income and most of the population has very low income.

According to (Katona George, 1984)³ the percentage of expenditure of a family on food and other necessities of life varies inversely with the income level of rural people.

Mohanty and Singh (1999)⁴ conducted a study to analyze the family budget in selected tribal households of Juang and Bhuinya tribes of Keonjhar District, Orissa. The study showed that the highest share of household expenditure constituted by the food items, than education or recreation.

METHODOLOGY

Madurai District of Tamil Nadu was purposively selected for this study because, the average Size of land holdings in the district was about 0.58 hectare and ranked 2nd in the state for having the least average size of land holding (Source : Census 2011)⁵. Two Blocks namely Melur and Kottampatti was purposively selected because, as these blocks have a large number of small & marginal farmer population. Based on the proportionate random sampling method, sample size of 120 respondents were selected from six villages. Data were collected through pretested interview schedule.

The expenditure of the family mainly depends on their annual income. Respondents were categorized into three groups based on their annual income and the average expenditure on consumption items was calculated.

The percentage analysis was used to find out the percentage of respondents grouped based on their annual income. Non parametric – Kruskal Wallis K independent sample test is used to find out the significant difference between the spending pattern of three categories of respondents on consumption items.

FINDINGS AND DISCUSSIONS

Classification of Respondents Based on their Income

Annual family income is the total gross income obtained per year of the farm families which included the income from main and subsidiary occupations of all the members. A unit score was assigned for every one thousand rupees of earning and the respondents were categorized into three groups based on their income.

**Table 1: Distribution of the Respondents According to their Annual Income
(n= 120)**

S. No	Categories	Frequency	Percent
1.	Up to Rs.70,000	46	38.33
2.	Between Rs.71,000 to 1,00,000	49	40.84
3.	Above Rs.1,00,000	25	20.83
TOTAL		120	100

(n = Number of Respondents)

A cursory look into the Table No: 1 indicates that about 40.84 percent of respondent's annual income lies between Rs.71, 000 to Rs.1lakh, followed by 38.33 percent of respondents with an annual income of less than of Rupees 71,000 and only 20.83 percent of respondents found to have income above Rs.1 Lakh annually.

The small size of land holdings, land fragmentation, and dependency of canal water for irrigation purposes, failure of monsoons, prolonged drought in previous years (2016 – 2017)⁶ and also during the year (2018)⁷ had made Agriculture as risky occupation which indirectly results in less income around the year. Lack of industries and factories, remote location of study area from the city has also reduced the opportunities of income generating activity other than agriculture which in turn resulted to have low income in a year.

Annual Food Expenditure

Food is the basic need of human being. No man can live without food. The Annual expenditure on food helps to know the percentage of amount spent on food from their income for their survival.

Table 2: Annual Food Expenditure

S. No	Type of Expenditure	Income Less than Rs.70,000	Income Between Rs.71,000 to Rs.1,00,000	Income Above Rs.1,00,000	Kruskalwallis Test Value
1.	Food Expenditure	Rs.47608	Rs.51306	Rs.83280	68.778**(Significant)

**. Indicates significant at the 0.01 level (2-tailed).

It could be seen from the Table No: 2, the respondents whose income is above Rs.1 lakh spends nearly around Rupees 83,280 for their food and consumption purposes per annum, while the respondents whose earning is between Rupees 71,000 to 1lakh spend around 51, 306 rupees for their food and consumption purposes in a year and people whose annual income is less than 70,000 spend around rupees 47,608 from their income for consumption purposes.

From Table No: 2, it is evident that percentage of income spent on food decreases, even if actual amount spent on food and consumption increases. The Kruskal Wallis test value also indicates that there is a high level of significant difference in annual food expenditure among the three groups.

According to Marshall, Alfred (1980)⁸, when man's richness increase, his food and drinks become more various and costly even if his appetite is limited by nature.

Annual income is a crucial factor which also determines the expenditure on food and consumption items. The dietary pattern followed by people with high income usually differs from the dietary pattern followed by people of other two income groups. Inclusion of nuts, fruits and meats often in their regular diet habits, Consumption of food in costly hotels has made the differences in the expenditure pattern seen between the groups.

CONCLUSIONS

When a man, though he earned a huge income, but if it is not spent in a rational manner, he may not able to acquire maximum advantage from it.

The price level of consumables such as food products and commodities have been increasing day by day. This has made the expenditure on consumables to occupy an important share in the overall household expenditure of the family. In a changing environment to lead a good & healthy life, health conscious and right consumption of food should be followed. The expenditure on food consumption pattern is also indicates the health conscious of the family. So to lead a good and

healthy life, people should plan their diet with nutritious food items and to use the money by taking the correct decisions.

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